

## **Chapter 13**

### **Library Capital Projects Fund (LCPF)**

#### **A. How can the LCPF be used?**

- 1) A facility used or to be used by the Library District
  - (a) planned construction, repair, replacement or remodeling
  - (b) site acquisition
  - (c) site development
  - (d) repair, replacement or site acquisition that is necessitated by an emergency
- 2) the purchase, lease or repair of equipment to be used by the Library District
- 3) The purchase, lease, upgrading, maintenance or repair of computer hardware or software including hiring a computer expert to manage the computer operations, purchase and/or subscription to online databases

#### **B. How does one do the bookkeeping of a Library Capital Projects Fund?**

The LCPF is set up as a separate ledger account using the same format as a gift fund 3 column received, disbursed, and balance.

If more detail is wanted, a separate hand or computer ledger with columns for each LCPF line item can be set up in the same format as the Library Financial and Appropriation Record.

A sample of the Library Financial and Appropriation Record can be found in the Appendix (A-14) of the Accounting and Uniform Compliance Guidelines Manual for Libraries.

Please consult the latest memo from Department of Local Government Finance which follows on the next page; also may be found on DLGF webpage <http://www.in.gov/dlgf/files/100608- Jones Memo- Library CPF.pdf> .

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# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Library Directors

FROM: Dan Jones, Assistant Budget Division Director

RE: Library Capital Projects Fund (IC 36-12-12)

DATE: June 8, 2010

\*\*\* **THIS MEMORANDUM SUPERSEDES ALL PREVIOUS LCPF BULLETINS**\*\*\*

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## **INTRODUCTION**

The purpose of this Memorandum is to outline the policy and procedures of the Department of Local Government Finance (DLGF) regarding the Library Capital Projects Fund (LCPF). The LCPF is a fund for which a library district may levy property taxes to be used to pay for the following:

- 1) A facility used or to be used by the library district including:
  - a) Planned construction, repair, replacement or remodeling
  - b) Site acquisition
  - c) Site development
  - d) Repair, replacement or site acquisition that is necessitated by an emergency
- 2) The purchase, lease or repair of equipment to be used by the library district
- 3) The purchase, lease, upgrading, maintenance or repair of computer hardware or software

## **ESTABLISHING A LCPF**

Per IC 36-12-12-3, after January 1 and before May 15 of the year before a library board may collect taxes for an LCPF, the library board must:

- 1) Prepare a proposed **LCPF Plan** (See Appendix "C") and **LCPF Plan Summary** (See Appendix "D"). The Plan must specify anticipated expenditures along with revenue estimates, tax rates, and estimated assessed valuation. The Plan must apply to at least the three (3) years immediately following the year the Plan is adopted. The library board may, for each year in which a Plan is adopted, impose a property tax rate that does not exceed \$.0167 per \$100 of assessed valuation. However, IC 6-1.1-18-12 requires the DLGF to adjust the maximum rate for the LCPF each time there is an annual adjustment to real property assessment or a general reassessment. Please note, the LCPF levy is within the maximum property tax levy limit beginning with taxes payable in 2009.
- 2) The library board must publish notice of the public hearing, known as the Notice to Taxpayers (See Appendix "E"), on the proposed LCPF Plan one (1) time at least ten (10) days before the date of the public hearing. The Notice must be published one (1) time in two (2) newspapers. If two (2) newspapers do not exist in the Library District, the library board should refer to IC 5-3-1-4 or the State Board of Accounts "Guide to Publication of Legal Notices" for the proper publication procedure. The proposed Plan Summary must be published in the Notice to Taxpayers and must specify planned expenditures and allocations for future projects for a minimum of three (3) years, estimates of revenue, proposed tax rates and estimated assessed valuation for the same years.
- 3) After considering the comments presented at the public hearing, the library board

may pass a resolution to adopt the proposed Plan (See Appendix "F"). Not later than ten (10) days after passing the resolution, the secretary of the library board must submit a certified copy of the LCPF Plan to the appropriate fiscal body (See Appendix "G") along with a complete transcript of the proceedings of the LCPF Plan adoption.

- 4) The appropriate fiscal body is determined according to IC 36-12-12-4 as follows:
  - (a) If the library district is located entirely within the corporate boundaries of a municipality, the appropriate fiscal body is the fiscal body of the municipality.
  - (b) If the library district is not described by (a) and the district is located entirely within the boundaries of a township, the appropriate fiscal body is the fiscal body of the township.
  - (c) If the library district is not described by (a) or (b), the appropriate fiscal body is the fiscal body of each county in which the library district is located.
- 5) The following documents should be maintained in the library offices for public inspection:
  - (a) a certified copy of the LCPF Plan adopted by the library board;
  - (b) proper proofs of publication; and
  - (c) a copy of the library board's resolution adopting the LCPF Plan.
- 6) The appropriate fiscal body shall hold a public hearing on the LCPF Plan not later than thirty (30) days after receiving a certified copy of the Plan. The fiscal body shall advertise its public hearing to consider the Plan one (1) time at least 10 days prior to the hearing in accordance with IC 5-3-1-2. The advertisement should include the date, time, and location of the meeting but does not need to include the complete Plan Summary. (See Appendix "H", "I", and "J")
- 7) The fiscal body must either reject or approve the LCPF Plan before August 1 of the year the Plan is received (IC 36-12-12-4). (See Appendix "K")
- 8) If the LCPF Plan is approved by the fiscal body, the library board shall submit the following to the DLGF on or before September 20 of the year immediately preceding the year the plan is to be effective:
  - (a) A certified copy of the LCPF Plan including a Plan Summary sheet and a description of the allocation of future projects, if applicable
  - (b) The library board's resolution approving the plan
  - (c) Certificate of Submission to Appropriate Fiscal Body
  - (d) The library fiscal body's resolution approving/rejecting the Plan
  - (e) Proofs of publication of the library board's notice of public hearing
  - (f) Proofs of publication of the fiscal body's notice of public hearing
  - (g) The Procedure Checklist (See Appendix "L")

- 9) If the DLGF determines that the library board has properly advertised the Plan, the Plan was timely adopted by the library board and timely approved by the appropriate fiscal body, and the Plan conforms to the format prescribed by the DLGF, the DLGF will require the library district to give notice of adoption (See Appendix "M") of the Plan to the taxpayers of the library district one time in accordance with IC 5-3-1-2(b). If the Plan fails to conform to the above requirements, the Plan will be returned to the library board.
- 10) Ten (10) or more taxpayers who will be affected by the adopted Plan may file a petition with the county auditor of a county in which the library district is located not later than ten (10) days after publication of the Notice of Adoption, setting forth their objections to the proposed Plan. The county auditor shall immediately certify the petition to the DLGF. (IC 36-12-12-5)
- 11) Within a reasonable timeframe, the DLGF will fix a date for a local hearing on the petition filed. The hearing will be held in a county in which the library district is located and the DLGF will notify the library board and the first ten (10) taxpayers whose names appear upon the petition. This notice must be given at least five (5) days before the date of the hearing. (IC 36-12-12-6)
- 12) After a hearing on the petition, the DLGF will certify its approval, disapproval or modification of the LCPF Plan to the library board and the county auditor. The action of the DLGF with respect to the Plan is final (IC 36-12-12-7). The library board or taxpayers may appeal the DLGF's decision to the Indiana Tax Court within forty-five (45) days of the DLGF's certification of its approval, disapproval or modification.
- 13) If no petition objecting to the LCPF Plan is filed with the county auditor **within ten (10) days of the publication of the Notice of Adoption, the unit must submit proofs of publication of the Notice of Adoption and county auditor's Certificate of No Remonstrance to the DLGF.** Upon receipt, the DLGF will issue its order approving or denying the LCPF Plan. Please note that it is the library's responsibility to obtain the Certificate of No Remonstrance from the county auditor.

#### **LIBRARY BUDGET APPROVAL**

In addition to annually adopting a LCPF Plan, the Plan must be incorporated into the ensuing year's library budget and advertisement in accordance with IC 6-1.1-17, to receive funding. All budget forms are to be used in preparing the annual budget for the LCPF. Budget Form 4-B is commonly referred to as the sixteen (16)-line statement. Line one (1) of the Form 4-B is the annual budget appropriation for the ensuing year. Items one (1) through six (6) of the LCPF Plan Summary are to be included on line one (1) of Form 4-B. The Allocation For Future Projects – item seven (7) of the LCPF Plan Summary – is included on line eleven (11) of the Form 4-B. Line eleven (11) is referred to as the operating balance.

The library board will advertise and adopt the appropriations and levy for the LCPF annually



using the regular budget calendar. Even though the rate is not advertised with the annual budget, it must be adopted in the Plan and on Budget Form 4B.

The library board will supply a copy of the LCPF Plan and DLGF approval order to the DLGF Hearing Officer for review of the annual budget. The budget order issued by the DLGF will approve the LCPF appropriations, tax rate and levy where they are consistent with an approved LCPF Plan.

### **EMERGENCY AMENDMENT OF LCPF PLAN**

The library board may amend its LCPF Plan for an emergency (IC 36-12-12-9).

Per IC 36-12-12-1, "emergency" means:

- 1) repair or replacement of buildings or equipment caused by a fire, flood, windstorm, mechanical failure of any part of a structure, or other unforeseeable circumstance; and
- 2) the unforeseeable availability of real property for purchase with respect to site acquisition.

The Plan may be amended due to an emergency to:

- a) provide money for the purposes of repair, replacement or site acquisition that is necessitated by an emergency; and
- b) to supplement money accumulated in the Emergency Allocation of the LCPF Plan (IC 36-12-12-9(a)(2)).

The following steps must be completed to amend a LCPF Plan:

- 1) When an emergency arises and the need for funds exceeds the amount accumulated in the Emergency Allocation, the library board must immediately apply to the DLGF for a determination that an emergency exists. The DLGF should be notified by telephone and in writing (preferably by fax or e-mail) of the library's request for amendment of its Plan. The request for a determination should include the name of the location of the problem in the library system, a description of the emergency, the proposed amendment, and the changes and/or additions to the expenditures and revenue by Plan year necessary to amend the LCPF Plan. The library director may contact the Assistant Director of the DLGF Budget Division at (317) 232-0651 regarding the amendment. Amendment requests may be faxed to the DLGF Budget Division at (317) 232-8779 or e-mailed to [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov).
- 2) After the DLGF issues its determination that an emergency exists, the library board will amend its Plan at a regular public meeting and forward its resolution to the DLGF. The amendment is not subject to the deadlines and procedures for adoption of the original Plan (See Appendix "N"). The form of the resolution would be to reduce a designated project(s) and increase the Emergency Allocation. If the amendment requires use of any part of the Allocation for Future Projects, the library also will need to process an additional appropriation.

- 3) The resolution is subject to modification by the DLGF. An amendment adopted may require the payment of eligible emergency costs from:
  - a) money accumulated in the LCPF for other purposes; or
  - b) money to be borrowed from other funds of the library board or from a financial institution.
- 4) The amendment also may provide for an increase in the property tax rate for the ensuing budget year for the LCPF to restore money to the fund or to pay principal and interest on a loan. Before the property tax rate may be increased, the library board must submit a Plan containing the increase to the fiscal body and obtain the approval of that fiscal body as provided in IC 36-12-12-4. The increase in the property tax rate for the LCPF is effective for property taxes payable for the year next certified by the DLGF. However, the rate is not to exceed the maximum rate established under IC 36-12-12-10 and the levy is considered within the maximum levy controls.

#### **COMPUTER REPAIR PERSONNEL**

A library may adopt a LCPF Plan to pay for the services of full or part-time computer repair personnel. These items should be incorporated into item six (6) on the LCPF Plan Summary (Purchase, lease, maintenance, and repair of computer hardware).

#### **ALLOCATION FOR FUTURE PROJECTS**

The Allocation for Future Projects allows the library to levy property taxes in a current year for expenditure in a future year, if the specific use is identified in the LCPF Plan. A taxpayer or the DLGF Hearing Officer should be able to clearly determine the proposed use and cost of the future project. When preparing the ensuing year's LCPF budget, the Allocation for Future Projects should be included in line 11 of Budget Form 4-B. This amount should not be appropriated since its expenditure is planned for a future year as documented in the LCPF Plan.

#### **APPROPRIATION IN A YEAR EARLIER THAN PLANNED**

An opportunity also exists to convert the projects planned for second, third or future years of the Plan into a current appropriation during the current budget year of the Plan.

The following conditions apply:

- 1) The Plan must be specific as to the need to be addressed and the manner in which it will be addressed.
- 2) The library must proceed with an additional appropriation. The Notice to Taxpayers of the additional appropriation must state the fund name, a description of the project and the project cost.
- 3) This course of action results in the appropriation of all or part of the Plan's current year Allocation for Future Projects.



## **DISCONTINUING THE LCPF**

Several years ago the General Assembly combined the Library Operating Fund and the LCPF for purposes of performing the maximum levy calculation. As a result, little incentive remains for a library to undergo the annual process of updating and adopting a new LCPF Plan. Several libraries have decided to discontinue the planning process and combine the remaining fund balance in the LCPF with the Library Operating Fund balance, the Rainy Day Fund balance, or both.

The procedure for closing the LCPF is to not prepare a new Plan for the ensuing budget year. The existing fund and the certified budget remain in existence until year-end. Both revenues and expenses may be posted to the fund until year-end. In fact, the fund must remain active to receive the final tax distribution which is typically in December. After the final tax settlement, the fiscal body of the library may adopt an ordinance to close the fund and transfer the remaining fund balances to either the Library Operating Fund or the Rainy Day Fund. The ordinance may direct any remaining balances to both funds.

Next year's Library Operating Fund budget may be prepared by combining the LCPF balances and appropriations into the Library Operating Fund in anticipation of closing the LCPF. The Notice to Taxpayers advertisement for the following year's budget will show the budget and levy amounts for the Library Operating Fund as including the LCPF amounts.

**NOTE:** Libraries that prefer to continue spending from the LCPF must continue to update and adopt the Plan annually.

## APPENDIX A

### GLOSSARY OF TERMS

The following definitions apply to LCPF.

- 1) **REPAIR** means the restoration of a piece of equipment, a building or land from worn, damaged or deteriorated condition to or near its original condition.
- 2) **EQUIPMENT** means a mobile or fixed unit of furniture or furnishings, an instrument or set of articles meeting the following conditions:
  - a. It retains the original shape.
  - b. It is non-expendable, which means that if the article is damaged or some of its parts are lost or worn out, it is usually more feasible and economical to repair it than replace it with an entirely new unit.
  - c. It represents an investment of money that makes it feasible and advisable to capitalize the item.
  - d. It does not lose its identity through incorporation into a different or more complex unit.
- 3) **EMERGENCY** is defined with respect to the LCPF as follows:
  - a. Repair or replacement of buildings or equipment caused by a fire, flood, windstorm, mechanical failure of any part of a structure, or other unforeseen circumstances; and
  - b. The unforeseeable availability of real property for purchase with respect to site acquisition.

## **APPENDIX B**

### **QUESTIONS ABOUT LCPF**

#### **PURCHASES FROM THE LCPF**

1. WHAT KIND OF VEHICLES MAY BE PURCHASED FROM THE LCPF?  
Any vehicles for library use including bookmobiles, vans and automobiles may be purchased from the LCPF.
2. MAY LIBRARY MATERIALS AND/OR BOOKS BE PURCHASED FROM THE LCPF?  
NO – The LCPF cannot be used to purchase library materials and/or books, with the exception of computer software.
3. MAY THE LCPF PLAN INCLUDE FEASIBILITY STUDIES AND ARCHITECT FEES?  
YES – The planned expenditures should be included in item one (1) Planned Construction, etc. of the LCPF Plan Summary. If the architect fees are to be reimbursed, such as in the formation of a holding corporation, the anticipated reimbursement would be included in the LCPF Plan Summary as other revenue.
4. MAY WE PAY FOR ARCHITECT FEES TO DESIGN A BUILDING THAT A HOLDING CORPORATION WILL PURCHASE AT A LATER DATE?  
YES – The LCPF Plan should anticipate the expenditures under Planned Facility Needs—item one (1) on the Plan Summary. If the library anticipates reimbursement from the holding corporation, the reimbursement should be estimated under other revenue.
5. WHAT ARE SOME EXAMPLES OF “REPLACEMENTS” (ITEM ONE (1) UNDER CURRENT EXPENDITURES OF THE PLAN)?  
Replacements may include carpet, shelving, and computer equipment. For specific questions about what is a replacement item, contact the DLGF or the State Board of Accounts.
6. SHOULD WE INCLUDE A NARRATIVE SECTION IN THE PLAN FORMAT FOR SITE DEVELOPMENT?  
YES.
7. WOULD LANDSCAPING BE CONSIDERED SITE DEVELOPMENT?  
It depends on the type of landscaping. Please refer specific questions to the DLGF or State Board of Accounts.

## APPROPRIATIONS

8. IF WE SPEND LESS THAN PLANNED IN ONE PORTION OF THE LCPF PLAN, MAY WE TRANSFER THE SURPLUS APPROPRIATIONS TO ANOTHER AREA WHERE WE WOULD LIKE TO SPEND MORE THAN PLANNED?

NO – A LCPF Plan cannot be changed once it has been approved by the DLGF unless an amendment has been approved for an emergency or there is an appropriation of an allocation for a future project in a year earlier than planned.

9. IF WE DO NOT SPEND ALL OF THE LCPF APPROPRIATIONS FOR A GIVEN YEAR OR WE HAVE ENCUMBRANCES, WOULD THOSE AMOUNTS BE INCLUDED IN THE ENSUING YEAR'S JANUARY 1 CASH BALANCE?

The January 1 cash balance on the LCPF Plan Summary is the estimated or anticipated cash balance for the ensuing year. If you anticipate unexpended appropriations or encumbrances for the current year's Plan, then those amounts would be included in the estimated January 1 cash balance for the ensuing year. The January 1 cash balance may also include allocation for future projects from the previous year(s).

10. IF THE LCPF PLAN IS DENIED AND THERE IS A CASH BALANCE, CAN I DO AN ADDITIONAL APPROPRIATION TO SPEND THAT MONEY?

NO – If the Plan is denied you may not appropriate funds in the LCPF.

## THE LIBRARY'S FISCAL BODY

11. MUST THE FISCAL BODY WHO APPROVES THE PLAN ADVERTISE FOR THE REQUIRED PUBLIC HEARING?

YES – The fiscal officer must give notice of the public hearing to consider the Plan. The notice must be published one (1) time at least ten (10) days before the date of the hearing in accordance with IC 5-3-1-2. The library may offer to publish this notice for the fiscal body to ensure that the advertisement complies with the necessary requirements.

12. HOW DO WE CERTIFY COPIES OF THE LCPF PLAN TO THE LOCAL FISCAL BODY AND THE DLGF?

A Certificate of Submission, signed by the library board secretary attesting to the actions of the library board in adopting the LCPF Plan, is used for certification. (See Appendix "G".)

13. CAN THE LIBRARY PAY FOR THE ADVERTISEMENT OF THE FISCAL BODY'S PUBLIC HEARING?

YES – The library may submit the Notice to Taxpayers to the newspaper of the fiscal body's public hearing and pay for the advertisement.

14. IS THERE A PRESCRIBED FORMAT FOR THE NOTICE TO TAXPAYERS OF THE PUBLIC HEARING BY THE FISCAL BODY?

See Appendixes "H" through "J".

15. SOME FISCAL BODIES (OF THE LIBRARIES) ADVERTISE THE ENTIRE LCPF PLAN WITH THE NOTICE TO TAXPAYERS. IS THAT PERMISSIBLE?

YES, but not required. The fiscal body only needs to advertise the date, time and location of the hearing. The ad should also note that the fiscal body plans to discuss the LCPF Plan. See Appendixes "H" through "J".

16. IS IT POSSIBLE FOR A FISCAL BODY TO APPROVE APPROPRIATIONS FOR A LCPF PLAN BUT NOT APPROVE A TAX RATE AND LEVY?

YES.

17. CAN A FISCAL BODY APPROVE A LOWER TAX RATE AND/OR LEVY THAN ADOPTED BY THE LIBRARY BOARD?

YES – however, it is the responsibility of the library board/director to modify the Plan to accommodate the lower rate and/or levy.

PLAN AMENDMENTS (EMERGENCIES)

18. MAY WE AMEND THE LCPF PLAN FOR NON-EMERGENCY REASONS?

NO – Libraries may only amend the LCPF Plan for emergency reasons as outlined in IC 36-12-12-9.

19. IF AN EMERGENCY SITUATION OCCURS AND WE NEED TO USE LCPF MONEYS HOW DO WE CONTACT THE DLGF?

The DLGF may be reached by telephone (317-232-0651) and by faxing (317-232-8779) a written explanation of the emergency and the proposal for an amendment to the LCPF Plan.

20. WHAT IF AN EMERGENCY SITUATION OCCURS AND THE LIBRARY DOES NOT HAVE APPROPRIATIONS IN THE EMERGENCY ALLOCATION LINE ITEM OR THE LIBRARY DOES NOT HAVE ENOUGH APPROPRIATIONS IN THAT ALLOCATION TO COVER THE EMERGENCY?

The library may to do an amendment to their LCPF plan.

21. HOW QUICKLY CAN AN EMERGENCY AMENDMENT BE APPROVED BY THE DLGF?

The DLGF will not delay approval on emergency amendments to the LCPF Plan. Please contact the DLGF for assistance in preparing an amendment to your Plan.



## ESTABLISHING THE FUND AND THE BUDGET PROCESS

### 22. IF I RECEIVE AN ORDER APPROVING THE LCPF PLAN, MUST I ALSO GO THROUGH THE NORMAL BUDGET PROCESS?

YES – The submission of the Plan to the DLGF is for approval of the *LCPF Plan* under IC 36-12-12-3. The budget process is subject to IC 6-1.1-17. The *LCPF* must be advertised and adopted as would any other fund for the ensuing budget year. Failure to do so will result in denial of the appropriations, levy and rate.

### 23. IS THE LCPF THE SAME AS THE LIBRARY IMPROVEMENT RESERVE FUND (LIRF)?

NO – funds for accumulation in the LIRF come from the Operating Fund Budget as a transfer to LIRF and fall within the maximum levy limit set for the Operating Fund. The library may levy a separate tax rate of not more than one and sixty-seven hundredths cents (\$.0167) annually for accumulation of funds in the LCPF.

### 24. DOES THE LCPF REPLACE THE LIRF?

NO – both funds are permitted under Indiana Library Law (LCPF: IC 36-12-12 and LIRF: IC 36-12-3-11).

### 25. MUST I GO THROUGH THE PLAN AND BUDGET PROCEDURE TO EXPEND FUNDS EVEN IF OUR LIBRARY DOES NOT WANT A TAX RATE?

YES – IC 36-12-12-8 states that the DLGF may approve appropriations from the LCPF only if the appropriations conform to a Plan that has been advertised and adopted.

### 26. I ADVERTISED A \$.0133 RATE FOR MY LCPF IN MY ANNUAL BUDGET. WHEN I RECEIVED MY BUDGET ORDER, THE RATE WAS REDUCED TO \$.005. WHY DIDN'T I GET THE FULL RATE?

The LCPF is based upon the need shown in the Plan. Need refers to the total Current Expenditures and Allocation for Future Projects. During the budget process, the rate approved will be lowered if Current Expenditures and Allocation for Future Projects can be funded at a lower rate. Also, the rate could be lower because of the adjustment made per IC 6-1.1-18-12.

## REVENUES, CASH AND OPERATING BALANCE

### 27. WHERE DOES THE JANUARY 1 CASH BALANCE COME FROM ON THE PLAN SUMMARY?

A cash balance in the LCPF can only come from:  
(1) Allocation for future projects from the previous year(s)  
(2) Unexpended appropriations from previous year(s).

A narrative within the Plan must indicate the sources of the anticipated January 1 cash balance for the ensuing year. Later year cash balances are reflective of the previous year future allocation amount.

28. ISN'T MY OPERATING BALANCE THE SAME AS MY FUTURE ALLOCATIONS?

YES – the operating balance is the amount of future allocations detailed in your Plan. Keep in mind that the DLGF will not approve a future allocation (line 11) that is higher than adopted in the Plan.

ACCOUNTING FOR LCPF

29. WHAT IF I HAVE MONEY LEFT OVER IN MY CAPITAL PROJECTS FUND AND IT IS NOT APPROPRIATED FOR ANYTHING?

The money will remain in the fund and will be accounted for in the operating balance.

30. IF WE USE THE LCPF TO HELP PAY FOR A PROJECT THAT INCLUDES BONDS AS PART OF THE FINANCING, DO WE DISBURSE THE BOND PROCEEDS THROUGH THE LCPF?

NO – bond proceeds for a project are disbursed through a Construction Fund.

31. WHAT IF MY ENSUING YEAR'S LCPF PLAN IS DENIED, AND I HAVE FUNDS LEFT OVER?

You will have a LCPF with a cash balance. This cash balance cannot be transferred to the Library Operating Fund unless the LCPF is declared dormant.

32. DOES THE INTEREST GENERATED FROM THE CASH IN THE LCPF NEED TO BE RECEIPTED TO THE LCPF?

YES – refer specific questions about this to the State Board of Accounts.

33. DO WE NEED TO SET UP A SEPARATE FUND TO ACCOUNT FOR THE LCPF PLAN?

YES.

34. ARE THERE ANY SPECIAL ACCOUNTING GUIDELINES ASSOCIATED WITH THE LCPF FUND?

Generally, this fund is handled like any other fund. Please refer specific questions on this to the State Board of Accounts.

35. DO WE INCLUDE OUR LOCAL MATCHING FUNDS FOR A LCPF PROJECT IN THE ESTIMATES OF "OTHER REVENUE" IN THE LCPF PLAN SUMMARY FOR EACH FISCAL YEAR?

NO- local matching funds should be appropriated in the Library Operating Fund, LIRF or other special fund and should not be included in the LCPF Plan Summary or the LCPF Budget. A description and explanation of use of the local matching funds should be included as a part of the narrative describing the LCPF Plan.

## OTHER

36. CAN THE PUBLIC HEARING BE HELD ON THE SAME DAY AS A REGULAR LIBRARY BOARD MEETING? CAN THE PUBLIC HEARING BE HELD ONE HOUR BEFORE THE BOARD MEETING?

YES – if advertised correctly beforehand, the public hearing for the LCPF may be held on the same day as the Library Board meeting and can be held an hour before the Board meeting or at any time specified by the advertisement of the meeting. It is important to note that the public hearing must be held on the date and time advertised in the *Notice to Taxpayers* of the hearing.

37. IF I AM ACCUMULATING MONEY IN MY FUTURE ALLOCATIONS FOR A NEW ROOF (1/3 OF THE COST EACH YEAR) AND THE FISCAL BODY DENIES MY FUTURE ALLOCATION FOR THE FINAL (3RD) YEAR, CAN I STILL PURCHASE THE ROOF IF I HAVE SUFFICIENT MONEY IN MY FUND?

NO – It may be possible to purchase the roof through an emergency amendment. Contact the DLGF.

38. WILL THE AD FROM THE PAPER BE SUFFICIENT TO SUBMIT TO THE DLGF?

NO – a proof of publication from the newspaper is the legal documentation that is required for advertisements associated with the LCPF Plan.

39. IS THE ANNUAL COST FOR TELEPHONE LINES AN ALLOWABLE EXPENSE FROM THE LCPF?

NO – telephone lines are not considered equipment so the rental charges for this item are not an allowable expense.

40. CAN THE COST OF INTERNET EXPENSES BE USED AS AN ALLOWABLE EXPENSE FROM THE LCPF - THIS WOULD INCLUDE EDUCATIONAL SERVICES PROVIDED THROUGH THE INTERNET?

The initial cost for the installation of the lines could be an allowable expense; however, the monthly fees for internet service would not qualify.

## **APPENDIX C**

### **LCPF PLAN FORMAT**

The LCPF Plan **must be prepared annually** using the following format:

- 1) General description of the library district
  - (a) Library taxing district
  - (b) Name and location of library, including contact person's name, address, phone number and e-mail address
  - (c) Composition of the governing body
  - (d) Number of employees
  - (e) Current annual budget in Operating, Library Improvement Reserve Fund (LIRF), Bond and Interest Redemption Funds (BIRF) and LCPF
  - (f) Current annual property tax rates and levies for all funds
- 2) Listing of present facilities operated and maintained by the library district
  - (a) With respect to each facility:
    1. Name and location
    2. Year constructed, leased or rented
    3. Estimated current value
    4. Detailed evaluation of condition
  - (b) Identification and description of all land owned for future needs.
- 3) Library service area
  - (a) Area in square miles
  - (b) Population served
  - (c) Annual statistics of service (i.e. circulation of materials, collection size, hours of service, etc.)
- 4) Anticipated LCPF Resources that will be available for the term of the Plan. For each year of the Plan (show also on LCPF PLAN SUMMARY) include the following:
  - (a) Sources and amounts of anticipated income
  - (b) Amount of revenue to be retained for expenditures proposed for a later year
  - (c) Projected assessed valuation of the library district for each year of the plan
  - (d) Projected tax rates and levies for the LCPF based on the above assessed valuations

- 5) Proposed use of the LCPF
- (a) Includes, by Plan year and location, the proposed expenditures from the fund for all specific uses within the following areas:
    - 1. Planned facility needs:
      - i. New construction
      - ii. Repair
      - iii. Replacement
      - iv. Remodeling
      - v. Lease or rental of existing real estate.
    - 2. Acquisition of real property
    - 3. Site development
    - 4. Emergency allocation (repair, replacement or site acquisition that is necessitated by an emergency)
    - 5. Purchase, lease, repair and maintenance of Equipment
      - i. Administration
      - ii. Public use
      - iii. Mechanical
      - iv. Furniture
    - 6. Computer hardware and software
      - i. Purchase or lease
      - ii. Maintenance and repair
  - (b) Includes, by Plan year, location and project or specific purpose, allocation for proposed expenditures beyond the upcoming budget year (Allocation for Future Projects).

**Failure to comply with the above format may be cause for disapproval.**



## APPENDIX D

### LCPF PLAN SUMMARY

The purpose of the LCPF Plan Summary is to summarize the expenditures, allocations, transfers, and revenues for the LCPF Plan. The general format is the same as the public notices for the LCPF Plan.

CURRENT EXPENDITURES is a summary of the planned expenditures noted in each major classification in the LCPF Plan for each year of the Plan for all locations.

SUBTOTAL CURRENT EXPENDITURES is the amount of expenditures the library plans to make in a given year that require appropriation.

ALLOCATION FOR FUTURE PROJECTS (AFP) is the amount of funds that will accumulate or continue accumulating for projects to be expended in the second, third, or future year of the LCPF Plan. Any AFP(s) should be clearly noted on the appropriate location page(s) in the LCPF Plan. If the library plans to expend the AFP in the second or third years, this will increase the current expenditures and decrease the AFP. If the library does not intend to spend the AFP in the second or third years, the AFP for those years should show the total that the library expects will be accumulated at the end of the year. The AFP budgeted in the third year should include the amount accumulated in years one and two, plus what will be accumulated during year three. The summary page of the AFP should be cumulative summation of the AFP from each location.

CASH BALANCE AVAILABLE TO FUND THE LCPF PLAN For libraries beginning the first year of their first Plan, the beginning cash balance will be zero (0). For libraries that have a LCPF Plan in effect, the January 1 cash balance of the first year will equal the estimated year-end cash balance plus the amount of unexpended appropriations. The Plan should explain any unexpended appropriation from the prior year and note the total dollar amount of unexpended appropriations. For the second and third years of the Plan, assume that funded appropriations carried forward from the previous year have been exhausted. Under normal circumstances, the projected January 1 cash balance for the second and third years of the LCPF Plan will be the prior years' AFP.

ESTIMATED EXCISE, CVET AND FIT are estimates of revenue prepared in the same manner as the annual budget for other funds.

OTHER REVENUE refers to income to the fund other than property taxes such as interest income.

PROJECTED TAX RATE will be the estimated tax rate necessary to fund the Plan.

## **APPENDIX E**

### **NOTICE TO TAXPAYERS OF \_\_\_\_\_ PUBLIC LIBRARY**

Notice is hereby given to the taxpayers of \_\_\_\_\_, \_\_\_\_\_ County, that the Library Board  
(Library Name) (County Name)

will meet at \_\_\_\_\_, on \_\_\_\_\_ for the purpose of considering a proposal to establish a  
(Location) (Date and Time)

Library Capital Projects Fund and a proposed plan under IC 36-12-12. The following is a general outline of the proposed plan.

<b>CURRENT EXPENDITURES:</b>		20__	20__	20__
(1)	Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2)	Acquisition of real property	_____	_____	_____
(3)	Site development	_____	_____	_____
(4)	Emergency Allocation	_____	_____	_____
(5)	Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(6)	Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____

<b>SUBTOTAL CURRENT EXPENDITURES</b>	_____	_____	_____
--------------------------------------	-------	-------	-------

(7) Allocation for future projects (cumulative totals)	_____	_____	_____
--	-------	-------	-------

<b>TOTAL EXPENDITURES AND ALLOCATIONS</b>	_____	_____	_____
---	-------	-------	-------

#### **SOURCES AND ESTIMATES OF REVENUE:**

(1) January 1, Cash balance (for each year of plan)	_____	_____	_____
(2) Less encumbered appropriations	_____	_____	_____
(3) Cash balance available for current plan [ (1) minus (2) ]	_____	_____	_____
(4) Plus Property Tax Revenue	_____	_____	_____
(5) Plus Auto Excise, CVET and Financial Institutions Tax receipts	_____	_____	_____
(6) Plus Other revenue	_____	_____	_____

<b>TOTAL FUNDS AVAILABLE FOR PLAN</b>	_____	_____	_____
---------------------------------------	-------	-------	-------

Based upon an anticipated assessed valuation of _____	_____	_____	_____
The Projected Tax Rate for the Library Capital Projects fund will be:	_____	_____	_____

Taxpayers are invited to attend the meeting for a more detailed explanation of the plan and to exercise their right to be heard on the proposal.

(Show names and titles  
of board members)

(  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_)

Date:

**APPENDIX F**

**RESOLUTION TO ADOPT LIBRARY CAPITAL PROJECTS FUND PLAN**

This resolution is adopted by the Library Board of \_\_\_\_\_  
(Library Name)  
of \_\_\_\_\_, County, Indiana.

Whereas, a Library Capital Projects Fund has been established; and

Whereas, the Library Board is required under IC 36-12-12-3 to adopt a plan with respect to the Library Capital Projects Fund; and

Whereas, the Library Board held a public hearing on the plan on \_\_\_\_\_  
(Date)  
at \_\_\_\_\_  
(Location)

**THEREFORE BE IT RESOLVED**, by the Library Board that the plan entitled \_\_\_\_\_  
(Title) of \_\_\_\_\_  
(Date)  
is hereby incorporated by reference into this resolution, and is adopted as the Library Board's plan with respect to the Library Capital Projects Fund.

**BE IT FURTHER RESOLVED** that the Library Board will submit a certified copy of this resolution (including the adopted plan) to the appropriate local fiscal body for review and the Department of Local Government Finance under IC 36-12-12-5.

**ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.**

**AYE**

**NAY**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Secretary of Library Board

**APPENDIX G**

**Certificate of Submission to Appropriate Fiscal Body**

I, THE UNDERSIGNED OF \_\_\_\_\_ PUBLIC LIBRARY,  
(Name of Library)  
\_\_\_\_\_, COUNTY, INDIANA, DO HEREBY CERTIFY TO THE  
\_\_\_\_\_  
(Appropriate Fiscal Body)  
\_\_\_\_\_ OF \_\_\_\_\_,  
(Unit)  
\_\_\_\_\_, INDIANA,  
(County)

THAT THE ATTACHED IS A COMPLETE TRANSCRIPT OF THE PROCEEDINGS HELD  
WITH RESPECT TO THE LIBRARY CAPITAL PROJECTS FUND PLAN ADOPTED BY  
THE ABOVE NAMED LIBRARY AT A MEETING HELD ON \_\_\_\_\_.  
(Date)

**NOTICE**

PURSUANT TO IC 36-12-12-4 THE APPROPRIATE FISCAL BODY SHALL HOLD A  
PUBLIC HEARING ON THIS ISSUE WITHIN THIRTY (30) DAYS OF RECEIPT AND IF  
THE PLAN IS APPROVED, PASS SUCH RESOLUTION BEFORE AUGUST 1 OF THE  
CURRENT YEAR.

Submitted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ to the above named fiscal body.

\_\_\_\_\_  
(Signature of Secretary of Library Board)

**Instructional Note:** The "Submitted" date is the date the LCPF plan was forwarded to the  
appropriate fiscal body.

**APPENDIX H**

*Township: Sample Notice to Taxpayers by Fiscal Body (LCPF)*

NOTICE TO TAXPAYERS

The Township Board of \_\_\_\_\_ Township, \_\_\_\_\_ County, Indiana will hold a public hearing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at the office of the \_\_\_\_\_ Township Trustee, \_\_\_\_\_, Indiana, for the purpose of approving the Library Capital Projects Fund Plan for the year 20\_\_\_\_, for the \_\_\_\_\_  
(Name of Library)

\_\_\_\_\_  
Township Trustee



**APPENDIX I**

County: Sample Notice to Taxpayers by Fiscal Body (Library CPF)

NOTICE TO TAXPAYERS

The \_\_\_\_\_ County Council, \_\_\_\_\_ County, Indiana will hold a public  
hearing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at the  
\_\_\_\_\_, Indiana,  
(location of meeting) (address)  
for the purpose of approving the Library Capital Projects Fund Plan for the year 20\_\_\_\_, for the  
\_\_\_\_\_.  
(Name of Library)

\_\_\_\_\_  
County Auditor

**APPENDIX J**

*City or Town: Sample Notice to Taxpayers by Fiscal Body (Library CPF)*

NOTICE TO TAXPAYERS

The \_\_\_\_\_ City (or Town) Council, \_\_\_\_\_ County, Indiana will hold a  
public hearing on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ a.m./p.m. at the  
\_\_\_\_\_, Indiana,  
(location of meeting) (address)  
for the purpose of approving the Library Capital Projects Fund Plan for the year 20\_\_\_\_, for the  
\_\_\_\_\_.  
(Name of Library)

\_\_\_\_\_  
Clerk-Treasurer

**APPENDIX K**

**RESOLUTION OF APPROPRIATE FISCAL BODY OF ACTION ON LIBRARY  
CAPITAL PROJECTS PLAN**

WHEREAS, the \_\_\_\_\_ has adopted a Library Capital Projects Plan  
(Name of Library)  
as provided for in IC 36-12-12, be it resolved that the \_\_\_\_\_, being the  
(Name of Fiscal Body)  
appropriate Fiscal Body for the \_\_\_\_\_ as designated in IC 36-12-12-4,  
(Name of Library)  
does hereby \_\_\_\_\_ the Plan as received by this body on the \_\_\_\_ day  
(Approve/Reject)  
of \_\_\_\_\_, 20\_\_.

**ADOPTED THIS**

**DAY OF**

**, 20\_\_ .**

**AYE**

**NAY**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**ATTEST:**

\_\_\_\_\_  
Secretary of Fiscal Body

**Instructional Note:** Must be adopted before August 1 of the current year.

**APPENDIX L**

**Procedure Checklist**

	<u>Y/N</u>
Have you included:	
Cover page with contact name, address, e-mail, phone number and fax number?	_____
Proof of Publication of Public Hearing from Library Board	_____
Certificate of Submission from Library Board to Fiscal Body	_____
Proof of Publication for Public Hearing from Fiscal Body	_____
Certified LCPF Plan in which you have addressed the following points	_____
General Description	_____
Area of Library District	
Name of Location of Library, including contact person's information	
Composition of Governing Body	
Number of Employees	
Current Annual Budget, Property Tax Rates, and Levies for all Funds	
List of Present Facilities	_____
Name and Location of each facility	
Year Constructed	
Estimated Current Value	
Detailed Evaluation of each facility	
Identification and description of land owned for future development	
Library Service Area	_____
Area in square miles	
Population Served	
Annual Statistics (Circulation/Hours of Operation/Collection size, etc)	
Anticipated Capital Projects Fund Resources	_____
Sources and Amount of Anticipated Income	
(Including an explanation of Jan. 1 <sup>st</sup> Cash Balance for first year of plan)	
Projected Assessed Value, Tax Rates and Levies for each year of plan	
Proposed Use of LCPF plan	_____
Planned Facility Needs	
Acquisition of Real Property	
Site Development	
Emergency Allocations	
Purchase, Lease, Repair and Maintenance of Equipment	
Computer Hardware and Software	
Description and amount for Future Allocations	
Is your plan balanced (do Total Expenditures and Allocations = Total Funds Available for Plan)?	_____
Do the columns in your plan add up correctly (mathematically)?	_____

## APPENDIX M

**PROOFS OF PUBLICATION AND COUNTY AUDITORS CERTIFICATE OF NO REMONSTRANCE MUST BE FORWARDED TO THE DLGF NOT LATER THAN TEN (10) DAYS FOLLOWING THE OBJECTION PERIOD.**

**\* THIS IS A SAMPLE ONLY. THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE WILL PREPARE THE SECOND NOTICE AND MAIL TO THE LIBRARY FOR ADVERTISING.**

### NOTICE OF ADOPTION

There has been filed with the Department of Local Government Finance a certified copy of the resolution adopted by the proper legal officers of (library name) establishing a capital projects fund together with proofs of publication of notice thereof, pursuant to I.C. 36-12-12.

The proper legal officers of (library name) are hereby requested by the Department of Local Government Finance to publish the following notice in accordance with I.C. 36-12-12-5(a)

#### PUBLISH THE FOLLOWING ONLY

(Library Name)

CURRENT EXPENDITURES:		2__	2__	2__
(1)	Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2)	Acquisition of real property	_____	_____	_____
(3)	Site development	_____	_____	_____
(4)	Emergency Allocation	_____	_____	_____
(5)	Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(6)	Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____
SUBTOTAL CURRENT EXPENDITURES		_____	_____	_____
(7)	Allocation for future projects (cumulative totals)	_____	_____	_____
TOTAL EXPENDITURES AND ALLOCATIONS		_____	_____	_____
<u>SOURCES AND ESTIMATES OF REVENUE:</u>		_____	_____	_____
January 1, Cash balance (of each year of plan)		_____	_____	_____
Less encumbered appropriations		_____	_____	_____
Equals Cash balance available for current plan		_____	_____	_____
Plus Auto Excise, CVET and Financial Institutions Tax receipts		_____	_____	_____
Plus Other revenue		_____	_____	_____
TOTAL FUNDS AVAILABLE FOR PLAN		_____	_____	_____
Based upon an assessed valuation of		_____	_____	_____
The Projected Tax Rate for the Library Capital Projects fund will be		_____	_____	_____

Ten or more taxpayers in the library district who will be affected by the plan may file a petition with the County Auditor of \_\_\_\_\_ County, not later than ten (10) days after publication of this notice, setting forth their objections to the plan. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

\_\_\_\_\_  
General Counsel

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_



## APPENDIX N

### NOTICE OF AMENDMENT

Notice is hereby given to the taxpayers of \_\_\_\_\_ Public Library of \_\_\_\_\_, County, Indiana, that the Library Board has determined that the Library Capital Projects Plan it adopted for the years 2\_\_\_\_ to 2\_\_\_\_ should be amended, did adopt a resolution to amend the said plan at a meeting held on \_\_\_\_\_, 2\_\_\_\_. A brief description of the amendment is as follows:

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The following is a general outline of the plan with the proposed amendment:

CURRENT EXPENDITURES	2____	2____	2____
(1) Planned construction, repair, replacement, or remodeling	_____	_____	_____
(2) Acquisition of real property	_____	_____	_____
(3) Site development	_____	_____	_____
(4) Emergency Allocation	_____	_____	_____
(5) Purchase, lease, repair, and maintenance of equipment	_____	_____	_____
(6) Purchase, lease, repair, and maintenance of computer hardware and computer software	_____	_____	_____
<b>SUBTOTAL CURRENT EXPENDITURES</b>	_____	_____	_____
(7) Allocation for future projects	_____	_____	_____
<b>TOTAL EXPENDITURES AND ALLOCATIONS</b>	_____	_____	_____

Ten (10) or more taxpayers in the library district who will be affected by the plan, as amended, may file a petition with the County Auditor of \_\_\_\_\_ County, not later than ten (10) days after the publication of this notice, setting forth their objections to the amendment. Upon filing of the petition, the County Auditor shall immediately certify the same to the Department of Local Government Finance, which Department will fix a date and conduct a public hearing on the plan before issuing its approval or disapproval thereof.

(Show names and titles  
of Board Members)

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Attest:

\_\_\_\_\_  
Secretary of Library Board  
Date:

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